



UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE

United States Patent and Trademark Office

Address: COMMISSIONER FOR PATENTS

P.O. Box 1450

Alexandria, Virginia 22313-1450

www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/710,999	11/09/2000	Tetsunosuke Fujisaki	YO999-527	5835
48062	7590	11/04/2009		
RYAN, MASON & LEWIS, LLP			EXAMINER	
1300 POST ROAD			SUBRAMANIAN, NARAYANSWAMY	
SUITE 205				
FAIRFIELD, CT 06824			ART UNIT	PAPER NUMBER
			3695	
			MAIL DATE	DELIVERY MODE
			11/04/2009	PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte TETSUNOSUKE FUJISAKI

Appeal 2009-007840
Application 09/710,999,
Technology Center 3600

Decided: November 4, 2009

Before MURRIEL E. CRAWFORD, HUBERT C. LORIN, and
BIBHU R. MOHANTY, *Administrative Patent Judges*.
LORIN, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Tetsunosuke Fujisaki (Appellant) seeks review under 35 U.S.C. § 134 (2002) of a final rejection of claims 1-5, 17-21, and 32, the only claims pending in the application on appeal.

We have jurisdiction over the appeal pursuant to 35 U.S.C. § 6(b) (2002).

SUMMARY OF DECISION¹

We AFFIRM-IN-PART.

THE INVENTION

The Appellant invented a method and system for processing transactions involving financial securities. (Specification 2:9-11).

An understanding of the invention can be derived from a reading of exemplary claim 1, which is reproduced below.

1. A method for processing transactions involving financial securities in a secondary market, said method comprising the steps of:
establishing a plurality of market segments in said secondary market,
each of said market segments having at least one market participant;

¹ Our decision will make reference to the Appellant's Appeal Brief ("App. Br.," filed October 18, 2007) and Reply Brief ("Reply Br.," filed February 23, 2009), and the Examiner's Answer ("Ans.," mailed December 23, 2008), and Final Rejection ("Final Rej.," mailed December 20, 2004).

receiving a bid for one or more financial securities, said bid including one or more authorized market segments; and posting said bid only to said one or more authorized market segments.

THE REJECTIONS

The Examiner relies upon the following prior art:

Silverman US 5,924,082 Jul. 13, 1999

Woolston US 6,266,651 B1 Jul. 24, 2001

Fitch, T.P., Dictionary of Banking Terms (4th Edition). Barron's Educational Series, Inc. pp 408-409. (2000)

Claims 1-5 stand rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.

Claims 1-5, 17-21, and 32 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Woolston and Silverman.

ARGUMENTS

The rejection of claims 1-5 under 35 U.S.C. § 101 as directed to non-statutory subject matter.

The Appellant argues these claims as a group. Accordingly, we select claim 1 as representative of the group. 37 C.F.R. § 41.37(c)(1)(vii) (2008).

The Examiner found that the claimed process is not tied to another statutory class of subject matter and does not transform subject matter into another state. Accordingly, the Examiner found the claims to be directed to a nonstatutory process under §101. Ans. 4.

The Appellant contends that the claims comply with § 101 because they achieve a useful, concrete, and tangible result. Reply Br. 3.

The rejection of claims 1-5, 17-21, and 32 under 35 U.S.C. § 103(a) as unpatentable over Woolston and Silverman.

The Appellant argued claims 1, 2, 17, 18, and 32 as a first group (claims 1, 17, and 32 being the independent claims) and claims 3 and 19 as a second group (Reply Br. 5 and 7, respectively). We select claims 1 and 3 as the representative claims for the two groups, respectively, and the remaining claims 2, 4, 5, 17-21 and 32, and 19 stand or fall with claims 1 and 3, respectively. 37 C.F.R. § 41.37(c)(1)(vii) (2007).

The Appellant contends that Woolston is directed to bidding on used and collectible good rather than, as in the claimed invention, for financial securities in a secondary market. App. Br. 6 and Reply Br. 6. “Applicant notes that the application of the known techniques cited in Woolston to secondary financial markets is not obvious. In fact, the secondary market for financial securities is substantially different from the marketplace for used and collectible good disclosed by Woolston, as would be apparent to a person of ordinary skill in the art.” App. Br. 6 and Reply Br. 6.

The Appellant also contends that “the segments defined by Woolston are not the same type of segments defined by the present invention.” App. Br. 6 and Reply Br. 6. According to the Appellant, “Woolston defines market segments along the lines of wholesale, retail, etc. (*see*, Abstract). The present invention defines a market segment as “a group of other market participants to which the respective market participant is willing to announce its bids.”” App. Br. 6 and Reply Br. 6 (citing to page 4, ll. 18-20 of the Specification).

As for Silverman, the Appellant contends that it “does not address the issue of establishing a plurality of market segments in a secondary market for financial securities” (App. Br. 7) and does not disclose or suggest the features and elements of the invention as claimed (App. Br. 8).

The Examiner disagrees that there is a difference between illiquid financial securities, which the Examiner broadly construes the claimed “financial securities in a secondary market” to encompass, and the used and collectible goods to which Woolston is directed. Ans. 6.

As to claims 3 and 19, the Appellant contends that “Woolston may teach to displace a current bid based on a received bid; Woolston, however, does not identify bids that are in proximity to said bid” as the claims require. Reply. Br. 7. The Examiner disagrees, finding this feature taught in both Woolston and Silverman. Ans. 7.

ISSUES

The issue of whether the Appellant has sustained its burden of showing that the Examiner erred in rejecting claims 1-5 under 35 U.S.C. § 101 as directed to non-statutory subject matter turns on whether the processes claimed process passes the *Bilski* machine-or-transformation test.

The issue of whether the Appellant has sustained its burden of showing that the Examiner erred in rejecting claims 1-5, 17-21, and 32 under 35 U.S.C. § 103(a) as unpatentable over Woolston and Silverman turns on whether (a) there is a patentable distinction between financial securities in a secondary market (claim 1) and a market for used and collectible goods

(Woolston) and (b) the cited prior art shows or renders obvious the establishing of a plurality of market segments as claimed. Regarding claims 3 and 19, the issue is whether the cited prior art shows “to identify pending bids that are in proximity to [a] received bid” (claim 3).

FACTS PERTINENT TO THE ISSUES

The following enumerated Findings of Fact (FF) are believed to be supported by a preponderance of the evidence.

Facts Related to Claim Construction

01. The disclosure contains no lexicographic definition of “financial securities in a secondary market”.
02. The Examiner has construed “financial securities in a secondary market” to cover both liquid and illiquid securities.
Ans. 5. The Appellant has not disputed that construction. “[I]t may be argued that all financial securities are not necessarily liquid” App. Br. 6.
03. The disclosure contains no lexicographic definition of “market segments.”
04. Page 4, ll. 18-20 of the Specification reads as follows: “Each market segment corresponds to a group of other market participants to which the respective market participant is willing to announce its bids.”

Facts Related to the Prior Art

Woolston

05. Woolston is directed to a computer-implemented electronic market system for used and collectible goods.
06. Woolston discloses (col. 1, ll. 51-67) establishing two tiers for a computerized market for goods; the first tier is a retail price and the second tier is a wholesale or dealer to dealer price.
07. The Examiner relies on Woolston's establishing of two tiers to meet the claim step of "establishing a plurality of market segments in said secondary market, each of said market segments having at least one market participant" (claim 1). Ans. 4.
08. Claim 35 of Woolston discloses receiving a wholesale bid from at least one wholesale-tier participant.
09. The Examiner relies on Woolston's disclosure at claim 35 to meet the claim step of "receiving a bid for one or more financial securities, said bid including one or more authorized market segments" (claim 1). Ans. 4.
10. Claims 5 and 18 of Woolston discloses that a second participant having privileges to access the second tier.
11. The Examiner relies on Woolston's disclosure at claims 5 and 18 to meet the claim step of "posting said bid only to said one or more authorized market segments" (claim 1).

Silverman

12. Silverman is directed to automated dealing systems involving financial vehicles. Col. 1, ll. 26-29.

Facts Related To Differences Between The Claimed Subject Matter And The Prior Art

13. The difference between the claimed subject matter and the prior art is that the prior art does not expressly disclose “financial securities in a secondary market”.

Facts Related To The Level Of Skill In The Art

14. Neither the Examiner nor the Appellant has addressed the level of ordinary skill in the pertinent arts of financial transactions. We will therefore consider the cited prior art as representative of the level of ordinary skill in the art. *See Okajima v. Bourdeau*, 261 F.3d 1350, 1355 (Fed. Cir. 2001) (“[T]he absence of specific findings on the level of skill in the art does not give rise to reversible error ‘where the prior art itself reflects an appropriate level and a need for testimony is not shown’”) (quoting *Litton Indus. Prods., Inc. v. Solid State Sys. Corp.*, 755 F.2d 158, 163 (Fed. Cir. 1985).

Facts Related To Secondary Considerations

15. There is no evidence on record of secondary considerations of non-obviousness for our consideration.

PRINCIPLES OF LAW

§ 101 - Patentable Subject Matter - Process

[T]he proper inquiry under § 101 is not whether the process claim recites sufficient “physical steps,” but rather whether the claim meets the machine-or-transformation test. [fn]25 As a result, even a claim that recites “physical steps” but neither recites a particular machine or apparatus, nor transforms any article into a different state or thing, is not drawn to patent-eligible subject matter. Conversely, a claim that purportedly lacks any “physical steps” but is still tied to a machine or achieves an eligible transformation passes muster under § 101.

In re Bilski, 545 F.3d 943, 961 (Fed. Cir. 2008) (en banc).

Claim Construction

During examination of a patent application, pending claims are given their broadest reasonable construction consistent with the specification. *In re Prater*, 415 F.2d 1393, 1404-05 (CCPA 1969); *In re Am. Acad. of Sci. Tech. Ctr.*, 367 F.3d 1359, 1369 (Fed. Cir. 2004).

Although a patent applicant is entitled to be his or her own lexicographer of patent claim terms, in *ex parte* prosecution it must be within limits. *In re Corr*, 347 F.2d 578, 580 (CCPA 1965). The applicant must do so by placing such definitions in the specification with sufficient clarity to provide a person of ordinary skill in the art with clear and precise notice of the meaning that is to be construed. *See also, In re Paulsen*, 30 F.3d 1475, 1480 (Fed. Cir. 1994) (although an inventor is free to define the specific terms used to describe the invention, this must be done with reasonable clarity, deliberateness, and precision; where an inventor chooses to give terms uncommon meanings, the inventor must set out any uncommon definition in

some manner within the patent disclosure so as to give one of ordinary skill in the art notice of the change).

Obviousness

Section 103 forbids issuance of a patent when ‘the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.’

KSR Int’l Co. v. Teleflex Inc., 550 U.S. 398, 406 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, and (3) the level of skill in the art. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). *See also* *KSR*, 550 U.S. at 407 (“While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.”) The Court in *Graham* further noted that evidence of secondary considerations “might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented.” *Graham*, 383 U.S. at 17-18.

ANALYSIS

The rejection of claims 1-5 under 35 U.S.C. § 101 as directed to non-statutory subject matter.

The method claimed recites steps and is thus nominally drawn to a process. However, to be a statutory process under §101 the claimed process must meet the *Bilski* machine-or-transformation test. The machine prong of the *Bilski* machine-or-transformation test is satisfied by showing that a

claimed process is “tied to a particular machine.” *Bilski*, 545 F.3d at 954. Claim 1 does not recite any machine and therefore the process claimed does not pass the machine prong of the *Bilski* test. As to the transformation prong, “[a] claimed process is patent-eligible if it transforms an article into a different state or thing. This transformation must be central to the purpose of the claimed process.” *Bilski*, 545 F.3d at 954. The process of claim 1 does not transform an article into a different state or thing and therefore the process claimed not pass the transformation prong of the *Bilski* test. Since no prong of the *Bilski* test is satisfied, it fails the test. Accordingly, the claimed process is not a statutory process under §101.

The rejection of claims 1-5, 17-21, and 32 rejected under 35 U.S.C. § 103(a) as unpatentable over Woolston and Silverman.

As to claims 1, 2, 4, 5, 17, 18, 20, 21, and 32, we will affirm the Examiner’s decision to reject these claims under § 103 over Woolston and Silverman because the Appellant has not presented persuasive arguments as to error in their rejection.

The Appellant argues that Woolston is not directed to financial securities in a secondary market, to which the claimed invention is directed to, but rather to bidding on used and collectible goods. But the Appellant fails to explain the patentable difference between the claimed steps (method claims 1-5), processor configuration (claims 17-21) and code means (claim 32) and the prior art combination, notwithstanding that the claimed invention is directed to financial securities in a secondary market rather than to used and collectible goods as Woolston discloses. Absent that explanation, the Appellant’s argument amounts to a challenge of the rejection based on a

distinction in the intended use of the steps, processor, and code means claimed in the secondary financial securities market as opposed to a market in used and collectible goods. *Cf. In re Schreiber*, 128 F.3d 1473, 1477 (Fed. Cir. 1997) (“It is well settled that the recitation of a new intended use for an old product does not make a claim to that old product patentable.”)

Furthermore, albeit the Appellant contends that Woolston’s bidding on used and collectible goods is different but do not argue that it is necessarily nonanalogous to the processing of transactions involving financial securities in a secondary market, the Appellant does see a similarity. “Applicant[] notes that the secondary market for used and collectible goods are similar, in some respects, to very illiquid securities.” Reply Br. 6. Accordingly, the Appellant appears to support the Examiner’s view that one of ordinary skill in the art of financial securities *would* consider Woolston’s disclosure. “When a work is available in one field of endeavor, design incentives and other market forces can prompt variations of it, either in the same field or a different one. If a person of ordinary skill can implement a predictable variation, § 103 likely bars its patentability.” KSR at 417. In that regard, the Appellant has not shown that the claimed invention is an unpredictable variation of what the prior art discloses.

As to the Appellant’s contention that the claimed segments are different from the segments Woolston discloses, that too is not a persuasive argument as to error in the rejection. The Appellant states that the Specification provides an express definition for “segments” that supports viewing the claimed “segments” as different from that of Woolston. However, the Specification does not disclose an express definition for “segments.” The Appellant directs our attention to page 4, ll. 18-20 of the Specification (App.

Br. 6 and Reply Br. 6) but that disclosure does not give a definition for segments. *See* FF 4. It describes that to which “segments” correspond but it does not define the claim term “segments” in such a way that it limits the claims to exclude the Woolston segments from its scope. Furthermore, to repeat, the Appellant appears to support the Examiner’s view that one of ordinary skill in the art of financial securities *would* consider Woolston’s disclosure. In that regard, the Appellant has not shown that the claimed invention is an unpredictable variation of what the prior art discloses. The Appellant has not explained the patentable difference between the claimed steps (method claims 1-5), processor configuration (claims 17-21) and code means (claim 32) over that of the prior art combination, notwithstanding that the claimed invention is directed to financial securities in a secondary market rather than to used and collectible goods as Woolston discloses.

As to claims 3 and 19, we are persuaded by the Appellant’s argument that the prior art fails to show the step of comparing a received bid to other pending bids to identify pending bids that are in proximity to the received bid and a processor configured to compare the same. The Examiner relied upon the disclosure at claim 35 of Woolston (Ans. 5). But we do not see there any mention of comparing a received bid to other pending bids to identify pending bids that are in proximity to the received bid. FF 9.

CONCLUSIONS OF LAW

The Appellant has not sustained its burden of showing that the Examiner erred in rejecting claims 1-5 under 35 U.S.C. § 101 as directed to non-statutory subject matter.

The Appellant has not sustained its burden of showing that the Examiner erred in rejecting claims 1, 2, 4, 5, 17, 18, 20, 21, and 32 under 35 U.S.C. § 103(a) as unpatentable over Woolston and Silverman.

The Appellant has sustained its burden of showing that the Examiner erred in rejecting claims 3 and 19 under 35 U.S.C. § 103(a) as unpatentable over Woolston and Silverman.

DECISION

To summarize, our decision is as follows.

- The rejection of claims 1-5 under 35 U.S.C. § 101 as directed to non-statutory subject matter is sustained.
- The rejection of claims 1, 2, 4, 5, 17, 18, 20, 21, and 32 under 35 U.S.C. § 103(a) as unpatentable over Woolston and Silverman is sustained.
- The rejection of claims 3 and 19 under 35 U.S.C. § 103(a) as unpatentable over Woolston and Silverman is not sustained.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED-IN-PART

mev

Appeal 2009-007840
Application 09/710,999,

Address

RYAN, MASON & LEWIS, LLP
1300 POST ROAD
SUITE 205
FAIRFIELD CT 06824